



## Tax News & Views

### In this issue:

Bessent testifies before Finance, Ways and Means on OBBBA, the economy, other issues .....	1
Senate advances reconciliation package .....	5
Treasury, IRS propose transition relief, new applicability dates for section 892; estate tax closing letter fees.....	6

### **Bessent testifies before Finance, Ways and Means on OBBBA, the economy, other issues**

Treasury Secretary Scott Bessent testified before the Senate Finance and House Ways and Means Committees on June 3 and 4, respectively. During the hearings, members focused extensively on the law commonly known as the One Big Beautiful Bill Act (OBBBA, [P.L. 119-21](#)) – which many Republicans now refer to as the Working Families Tax Cuts Act – as well as affordability, the economy, and other issues. (Finance Committee hearing [announcement](#) and Ways and Means Committee hearing [announcement](#).)

#### **Senate Republican taxwriters tout OBBBA**

Opening the hearing, Senate Finance Committee Chairman Mike Crapo (R-Idaho) [praised](#) what he described as the benefits of the OBBBA, saying the law provides “historic tax relief for working-class Americans” and makes permanent key “pro-growth policies” that are helping to “increase domestic investment and boost economic growth.” Other taxwriters, including Sens. Steven Daines (R-Mont.), Marsha Blackburn (R-Tenn.), and Senate Majority Whip John Barrasso (R-Wyo.), echoed that support, underscoring the party’s argument that the measure is helping to strengthen the economy and help taxpayers.

During the hearing, GOP taxwriters and Secretary Bessent, who called the OBBBA “once-in-a-generation” legislation, cited multiple tax-filing statistics tied to the law enacted last summer. Treasury Department data [released](#) separately offered a direct view of the law’s impact:

according to Treasury calculations, through the April tax filing deadline, 97 percent of filers received a tax cut this filing season that was made possible in part by the extension of the Tax Cuts and Jobs Act (TCJA, [P.L. 115-97](#)) and in part by the creation of new deductions in OBBBA. Absent that extension, many would have faced higher tax liability. Of those who saw a reduction, 96 percent earned less than \$200,000 annually. Treasury also said that, through the April 15 deadline, American families and workers claimed \$82 billion in individual relief as a result of the law.

Treasury's data focused on individual tax provisions, including new deductions for tipped income, overtime pay, seniors, and interest on certain car loans, as well as the new Trump Accounts. Filing statistics state that:

- More than 35 million seniors claimed the enhanced deduction for older filers, with an average deduction of more than \$7,500;
- More than 7.5 million filers claimed the tipped income deduction, with an average deduction topping \$7,000;
- More than 29 million filers claimed the overtime deduction, with an average deduction of more than \$3,100;
- More than 1.4 million filers claimed the deduction on certain car loan interest, with an average deduction exceeding \$1,800; and
- More than 5.5 million new tax-preferred savings accounts for minors labeled Trump Accounts have been opened, with 1.4 million minors eligible for the \$1,000 pilot program contribution.

Treasury's analysis also forecasts that OBBBA relief will grow as taxpayers who have filed for extensions continue to file their returns. According to IRS filing season [data](#) for individual income tax returns through May 8, 2026, taxpayers filed roughly 145 million returns and about 99.1 million filers received refunds totaling nearly \$324.8 billion. That amounts to an average refund of \$3,276, up 11.5 percent year over year for the same period last year.

For extensive coverage of the OBBBA, see Deloitte Tax LLP's [A closer look: Inside the new tax law](#).

**Permanency and business provisions:** Chairman Crapo stressed the importance of the new law achieving permanency for certain provisions of the tax code, particularly with respect to the 20 percent passthrough deduction (section 199A) and immediate deduction of domestic research and experimental expenditures that he contended “will support domestic innovation and growth by large and small businesses alike.” Separately, Sen. Blackburn raised concerns about the treatment of the research and development (R&D) tax credit, saying manufacturers have questioned whether the credit adequately covers expenses tied to “shopfloor” R&D, arguing that those taxpayers need greater clarity and certainty to fully use the credit.

### **Conservation easements, digital assets, and retirement**

Sen. Chuck Grassley (R-Iowa), who also serves as Judiciary Committee Chairman, commended the Treasury Department for cracking down on conservation easement promoters – particularly those he said rely on inflated appraisals to generate profits – while also urging Treasury to maintain existing settlement positions and resist efforts to weaken enforcement. Last month, the IRS [released](#) details of a time-limited settlement opportunity for eligible taxpayers involved in conservation easements or historic preservation easement disputes with the agency. (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 18, May 15, 2026.)

In a related development, Sens. Grassley and Daines sent Secretary Bessent a [letter](#) late last week urging enforcement of the IRS settlement offer with respect to the conservation easement deduction. “The terms of the settlement offer properly balance[s] holding participants in abusive tax shelters accountable with the need to resolve hundreds of cases in a timely and cost-efficient manner. Your dedication to preserving the integrity of the conservation-easement deduction is appreciated,” wrote Grassley and Daines.

Turning to digital assets, Chairman Crapo emphasized bipartisan efforts within the Senate Finance Committee to establish “clear and durable tax rules for digital assets.” He was joined by Sen. Daines, who noted that digital assets are becoming more integrated into our financial system, and by Secretary Bessent, who committed to working with Congress on digital asset legislation.

On retirement policy, Majority Whip Barrasso discussed the possibility of expanding access to low-cost retirement plans for independent workers who do not have access to workplace coverage. Secretary Bessent said that Treasury is currently focused on issues related to Trump Accounts, which are expected to launch on July 4, 2026, and will turn to other retirement issues afterward.

### Democrats focus on Trump's settlement fund

Ranking Member Ron Wyden (D-Ore.) and most other Democratic Senate Finance Committee members, used their time to criticize what they described as the administration's misuse of taxpayer funds, pointing to a settlement reached between the Justice Department and the IRS in a lawsuit filed by President Trump over the disclosure of his tax returns. Ranking Member Wyden characterized the roughly \$1.8 billion settlement – which created an “Anti-Weaponization Fund” to hear and resolve claims of alleged government “weaponization” and “lawfare” – as a “slush fund.” He used the hearing to [argue](#) that the administration's actions amounted to an abuse of the IRS for the president's personal benefit, calling the deal “truly shocking” amid broader economic anxiety, citing high inflation, weak wage growth, and a flat job market. Several other Democrats on the committee made similar arguments.

Days before the hearing, the Department of Justice [indicated](#) in a social media post that it would abide by a district court's ruling barring it from proceeding with the fund's portion of the agreement until a June 12 hearing. Acting Attorney General Todd Blanche later said the department had decided not to move forward with the fund. The administration, however, preserved the agreement's provisions limiting audits of President Trump, his family, and his businesses. During the hearing, Democrats pressed Secretary Bessent on the settlement, but he largely declined to comment citing “ongoing litigation” and referring questions to the Department of Justice.

Last month, the Justice Department issued a [press release](#), with the texts of the [settlement agreement](#), the establishment of a release [clause](#), and related [provisions](#) governing the settlement fund.

### Affordability and the national debt

Several senators, including Sens. Maggie Hassan (D-N.H.), Raphael Warnock (D-Ga.), and Ranking Member Wyden, raised affordability issues during the hearing. Sen. Hassan said grocery prices have increased and that 100,000 manufacturing jobs have been lost since President Trump took office. Sen. Warnock contended that Americans have given the economy a failing grade, saying that the people in Georgia believe tariffs have cost more than what they gained from receiving a reduction in taxes.

Secretary Bessent defended the economy, saying the economic and job data are “very strong.” He also said that “[w]e have the making of the strongest economy in history,” adding that temporary elevated prices would eventually come down. In his opening statement, Bessent [said](#) the economy has added “313,000 net new private sector jobs and 13,000 manufacturing jobs in the past two months.” He also maintained that businesses are investing trillions of dollars to build and grow domestically.

On the national debt, Sen. Peter Welch (D-Vt.) indicated that the debt continues to rise, topping \$36 trillion in 2025, and noted that federal interest payments are approaching \$1 trillion per year. He argued that the focus should be on the tax gap – meaning collecting taxes already owed but not yet paid, and expressed concern that staffing reductions at the IRS, particularly among revenue agents, are hampering the agency's ability to address that gap. Secretary Bessent said more staffing does not necessarily improve collections.

### Who is in charge of the IRS?

In a back-and-forth with Sen. Catherine Cortez Masto (D-Nev.), questions arose about who leads the IRS, given that there is no Senate-confirmed commissioner and Secretary Bessent's previous stint as acting commissioner has ended. Bessent said he is still effectively carrying out the commissioner's responsibilities as the IRS reports to the Treasury Department, which he leads as secretary. Meanwhile, a newly created IRS Chief Executive Officer (CEO) role held by Frank J. Bisignano, who also serves as the Senate-confirmed commissioner of the Social Security Administration, oversees the daily activities and reports to Secretary Bessent. (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 11, March 13, 2026.)

### Ways and Means Committee

The day after his appearance before the Finance Committee, Secretary Bessent testified before the House Ways and Means Committee, where he faced a range of questions about the OBBBA, the economy, and ongoing Democratic criticism of President Trump's settlement agreement.

### Republicans praise OBBBA

House Ways and Means Committee Chairman Jason Smith (R-Mo.) and other GOP taxwriters, including Reps. Vern Buchanan (R-Fla.), Adrian Smith (R-Neb.), and Ron Estes (R-Kan.), highlighted OBBBA provisions they said benefit workers and families, including new deductions for tipped income, overtime pay, and seniors, as well as Trump Accounts. Chairman Smith said “[t]he Working Families Tax Cuts [OBBBA] provided bigger refunds and bigger paychecks, and permanent pro-growth tax policy will make it easier to build, invest, produce, and hire in America.”



On filing season statistics, several Republican taxwriters and Secretary Bessent cited data that was discussed during the previous day's Finance Committee hearing, including refund amounts, the number of filers claiming certain new OBBBA provisions, and income levels of filers who took advantage of certain income tax provisions in the OBBBA.

On the business side, taxwriters discussed provisions addressing section 199A and bonus depreciation. Rep. Buchanan said the provision allowing for an additional first-year depreciation allowance – commonly referred to as “bonus depreciation” – “boosts economic growth,” and added that the permanent section 199A deduction will help small businesses. Reps. Lloyd Smucker (R-Pa.) and David Kustoff (R-Tenn.) also emphasized the importance of permanently extending section 199A, while Secretary Bessent said permanence enables businesses to “hire, invest, and plan for the future.”

In addition, Reps. Mike Kelly (R-Pa.) and Nathaniel Moran (R-Texas) applauded the use of opportunity zones and their role in helping economically distressed areas, with Rep. Kelly saying the program has helped to revitalize the downtown waterfront area in Erie, Pa. The OBBBA provided for a permanent opportunity zone program that builds off the version originally enacted by the Tax Cuts and Jobs Act (TCJA, [P.L. 115-97](#)), with some modifications.

**Side-by-side agreement:** Chairman Smith and Rep. Estes highlighted the importance of the side-by-side Pillar Two global minimum tax agreement, a framework that is seen by some as important to preserving US tax sovereignty and preventing a competitive disadvantage for American businesses. Secretary Bessent said the United States is actively engaged with the Organization for Economic Cooperation and Development (OECD) to ensure the agreement is respected and implemented across the globe. The side-by-side agreement took shape last year when section 899 – intended to give the president tools to counter what some have characterized as “unfair foreign taxes” against US-headquartered businesses – was removed from the OBBBA in exchange for a commitment from the G-7 countries that the existing United States tax code could live “side-by-side” with key features of the new global minimum tax rules.

#### **Democrats once again focus on settlement agreement**

Ranking Member Richard Neal (D-Mass.) and other committee members, such as Linda Sanchez (D-Calif.) and John Larson (D-Conn.), pressed Secretary Bessent on issues related to the settlement fund, similar to Senate Finance Democrats the prior day. Bessent said the Treasury Department is following direction from Acting Attorney General Blanche, cited “ongoing litigation,” and said he cannot discuss any part of the settlement agreement.

#### **Affordability, digital assets, and the Treasury payment system**

Cost of living was another concern for Democrats, with Ranking Member Neal, and Reps. Mike Thompson and Judy Chu (both of California) raising issues related to what they described as the high cost of healthcare, gasoline, and consumer goods. Ranking Member Neal said that “[w]orkers and families are being forced to stretch their dollars further every day, and the pain so clearly stems from the President’s vanity projects, endless war, enrichment of himself, and a price hiking tariff regime.” Secretary Bessent defended the economy, calling it “very strong” and arguing that wage growth remains strong and that, although grocery prices have increased slightly, the rise is only temporary.

Digital assets have been a topic of policy debate and legislative activity in Washington, including regarding various aspects of the tax treatment of digital asset transactions. Reps. Steven Horsford (D-Nev.) and Max Miller (R-Ohio), who introduced the PARITY Act ([H.R. 8899](#)), both referenced the bill during the hearing as part of the broader effort to establish a clearer tax framework for digital assets. Rep. Horsford also expressed concern about the OBBBA’s change to the wagering loss deduction, under which deductions are limited to 90 percent of losses incurred during the taxable year – a reduction from prior law. Separately, Secretary Bessent said he hopes for movement on the CLARITY Act ([H.R. 3633](#)) by July 4, and Rep. Miller welcomed the prospect. The CLARITY Act, which passed the Senate Banking Committee last month, would provide additional non-tax market structure rules in place for digital assets and is seen by many as a prerequisite for Congress to consider the tax aspects of digital assets.

Rep. Suzan DelBene (D-Wash.) cited General Accountability Office (GAO) findings indicating that access was granted to the Treasury payment system and to personal taxpayer information, despite not being authorized to do so. She said the episode undermined confidence in the Treasury Department and urged Secretary Bessent to take responsibility and explain the specific safeguards that have been taken. The secretary responded that the documents were “read only,” with no ability to edit them, and said the department has since updated its protocols and tightened access.

### Ways and Means adds two hearings for next week's agenda

Looking ahead to next week, the full House Ways and Means Committee is scheduled to [hold](#) a legislative hearing on digital asset taxation proposals on Tuesday, June 9 at 2:00 p.m. EST. A witness list has not been announced at the time of publication.

In addition, the committee's Social Security and Work & Welfare Subcommittees are scheduled to [hold](#) a joint hearing featuring Social Security Commissioner Frank J. Bisignano on Wednesday, June 10 at 10:00 a.m. EST. Although Bisignano was later named to the newly created position of IRS CEO, he is testifying at this hearing in his capacity as commissioner of the Social Security Administration. Even so, members may still question him on issues related to his IRS responsibilities.

### Steven Grodnitzky and Aaron Lorenzo

Tax Policy Group  
Deloitte Tax LLP

---

## Senate advances reconciliation package

After delaying action until after the Memorial Day work period and beyond President Trump's self-imposed June 1 deadline, Senate Republicans this week brought their fiscal year 2026 budget reconciliation package to the floor, advancing it with a 52-47 vote in the early morning hours of June 5. (Secure America Act, [S.2](#)) The roughly \$70 billion measure is intended chiefly to provide additional funding for Immigration and Customs Enforcement (ICE) and the border components of Customs and Border Protection (CBP), but intraparty disputes over several separate items – most notably the Justice Department's \$1.776 billion settlement agreement with President Trump – slowed its path to the floor before Congress adjourned for its Memorial Day recess last month. (For prior coverage, see [Tax News & Views](#), Vol. 27, No. 1, May 15, 2026.)

### Floor amendments

In a procedural vote related to the reconciliation package, the chamber voted 53-46 on June 3 to pave the way for consideration of the budget measure, with no Democratic support, and no Republican opposition. Sen. Michael Bennet (D-Col.), a member of the Senate Finance Committee, did not vote.

The so-called "vote-a-rama" – a period during which an unlimited number of amendments can be offered and voted upon without debate – began after the chamber exhausted debate time on the reconciliation bill. The process is frequently used to compel lawmakers in either party to take a public position on issues that can later be used for political purposes, especially as the midterm elections approach. This week, the amendments that received recorded votes did not focus on tax policy. In fact, in a change from recent history, this reconciliation bill did not touch the tax code. Instead, many proposals were geared toward President Trump's settlement agreement, the White House ballroom project, and affordability issues. Members of both parties offered amendments seeking to restrict, or in some cases outright bar, provisions in the settlement agreement.

The Senate rejected Minority Leader Chuck Schumer's (D-N.Y.) first motion of the day by a vote of 49-50. Schumer had proposed sending the budget reconciliation measure back to the Judiciary Committee to add language that would eliminate President Trump's "Anti-Weaponization Fund." The move would have essentially codified Acting Attorney General Todd Blanche's promise earlier this week that the administration would abandon plans for the fund. The vote was kept open for several hours, with three Republican senators ultimately supporting the amendment – Susan Collins of Maine, John Husted of Ohio, and Dan Sullivan of Alaska.

Several other amendments were voted on during the "vote-a-rama" period after the budget's set debate time lapsed. Unlike Minority Leader Schumer's motion, however, those amendments faced a 60-vote hurdle under reconciliation rules because the measure was so narrowly drafted. Sen. Jeff Merkley (D-Ore.) offered an amendment to prohibit the use of funds for a White House ballroom unless Congress authorizes the project. It was voted down 53-46, falling short of the 60 votes needed for adoption. Sen. Thom Tillis (R-N.C.) also offered an amendment to reallocate funds that would have been used for the Anti-Weaponization Fund for fraud enforcement, including investigation and prosecution. That amendment failed 15-84, with twelve Republicans supporting it and most Democrats opposing it, except Sens. Catherine Cortez Masto of Nevada, Maggie Hassan of New Hampshire, and Amy Klobuchar of Minnesota.

### Next steps

The House could take up the budget reconciliation package as early as Monday, as Speaker Mike Johnson (R-La.) confronts a razor thin majority in the House that leaves little room for defections. If the measure clears the House chamber unchanged, it will then head to President Trump's desk for his signature.

### Reconciliation 3.0?

A possible third reconciliation bill later this year – building on earlier reconciliation efforts, including the law commonly known as the One Big Beautiful Bill Act (OBBBA, [P.L. 119-21](#)) – could provide a separate vehicle for certain tax and spending priorities. However, such an approach would still require agreement on scope and could be complicated by the narrow GOP margins in Congress and competing priorities as lawmakers move deeper into an election year, conditions that may limit the prospects for a third package.

Despite that uncertainty, House Budget Committee Chairman Jodey Arrington (R-Texas), a member of the House Ways and Means Committee, said late last month that Congress should pursue a third reconciliation package to “declare war on fraud,” pointing to the earned income tax credit and describing it as a “cash welfare program” that he maintained “loses 30 cents on the dollar.”

### Steven Grodnitzky

Tax Policy Group  
Deloitte Tax LLP

---

## Treasury, IRS propose transition relief, new applicability dates for section 892; estate tax closing letter fees

On May 29, 2026, the Treasury Department and the IRS published proposed regulations ([CC-00349656-26](#)) (the “2026 Proposed Regulations”) under section 892 that aim to provide clarity to sovereign investors as to the prospective application of the proposed regulations ([REG-101952-24](#)) that were published on December 15, 2025 (the “2025 Proposed Regulations”). The 2026 Proposed Regulations also generally provide transitional relief from the application of the “debt acquisition” rules and the “effective control” rules of the 2025 Proposed Regulations by delaying the application of any future regulations that finalize the 2025 Proposed Regulations to a period of at least 90 days from their publication (or longer in certain cases).

Further, until those regulations are finalized, the 2026 Proposed Regulations preserve the application of existing rules under section 892 to foreign government holdings. Finally, the 2026 Proposed Regulations also reopen the comment period on all aspects of the proposed regulations for 60 days. For additional details of the proposed regulations, see the tax [alert](#) prepared by Deloitte Tax LLP professionals. (IRS press release [IR-2026-69](#))

### Proposed rules on estate tax closing letter fees

The Treasury Department and the IRS released proposed regulations ([REG-103193-26](#)) amending the current regulations ([T.D. 10038](#)) to increase the amount of the user fee to \$76 for authorized persons requesting the issuance of an estate tax closing letter, also referred to as IRS Letter 627. (IRS [frequently asked questions](#) and answers on the estate tax closing letter)

### Proposed rules establishing new category of excepted fertility benefits

On May 12, 2026, the Treasury Department and the IRS together with the Departments of Labor and Health and Human Services (collectively, the Departments) published proposed regulations ([REG-118484-25](#)) (the “Proposed Regulations”) that would establish a new category of limited excepted benefits. The Proposed Regulations provide that fertility benefits satisfying specified conditions would be treated as excepted benefits and therefore generally exempt from the market requirements of chapter 100 of the Internal Revenue Code. For additional details of the proposed regulations, see the tax [alert](#) prepared by Deloitte Tax LLP professionals.

### Steven Grodnitzky

Tax Policy Group  
Deloitte Tax LLP

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

#### **About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at [www.deloitte.com](http://www.deloitte.com).